Per capita loan amount

†552. **SHRIJAIPARKASH AGGARWAL**: Will the Minister of **FINANCE** be pleased to state:

(a) the amount of per capita loan in the country as on date;

(b) the interest incurred on loan during last three years and current financial year, so far; and

(c) the steps taken or proposed to be taken by Government to reduce this expenditure?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The per capita burden of Consolidated General Government liabilities, consisting of the Central and State Governments, of both internal and external variety was Rs. 30359 in 2007-08 (BE).

(b) Available information on interest payments of the Consolidated General Government for the last three years is given in the Table below:

Table: Interest payments to Consolidated General Government

/Rs. in crore)

2005-06	2006-O7(RE)	2007-08 (BE)
2,05,623	2^1,945	2,52,828

SOURCE: Reserve Bank of India.

(c) The initiatives taken by the Government to reduce the burden, *inter alia,* include: adherence to the objectives and targets of the FRBM Act, 2003 and rules made thereunder at the Centre; enactment of fiscal responsibility legislations by 26 States; consolidation of the debts of the 24 States and relief in the form of rescheduling of debt at lower interest rates and debt waiver for fiscal correction as per the award of the Twelfth Finance Commission; maintaining soft interest rate through appropriate policies; restructuring debt through recourse to low cost market borrowings thereby reducing the carrying cost of outstanding debt; and pursuing appropriate tax policies which result in higher tax-GDP ratio and prudent expend iutre management that facilitate the process of fiscal consolidation.

Fall in IPOs of companies

553. **SHRI C. RAMACHANDRAIAH**: Will the Minister of **FINANCE** be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) has come across any cases where in the price band of a company which was pegged very high during an Initial Public Offering (IPO) stage got hammered during the first week of trading?

(b) if so, whether SEBI has any role in fixing the price band of a share for IPO purpose; and

(c) if not, what mechanism is in place to restrict companies from deceiving the investors in the form of IPO price band?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) SEBI has informed that during the period April 1,2007 to February 25, out of 79 IPO at BSE, 23 have witnessed a fall during the first week of trading. Similarly out of 70 IPOs at NSE, 21 have witnessed a fall during the first week of trading.

†Originaj notice of the question was received in Hindi.

In market environment, the price discovered is the appropriate price at that moment under the circumstances. When circumstances change, the price also changes and then it would appear that the IPO was overpriced or underpriced.

No, Sir. The market forces of demand and supply discover the prices of securities in, compliance with the regulatory frame work put in place by SEBI.

The SEBI (Disclosures and Investor Protection) Guidelines, 2000 permit an unlisted company eligible to make an IPO to price its equity shares or any securities convertible at a later date into equity shares subject to certain disclosures. The company is, however, required to indicate the basis for issue price in the prospectus with the help of relevant qualitative and quantative factors. Further, book building mechanism is used to discover prices within a band and such price bands are also revised depending on the circumstances. In such cases, the issue becomes successful only if it elicits certain minimum subscriptions from qualified institutional investors who are capable of taking informed investment decisions.

Slow down in the economic growth

554. **SHRI RAMDAS AGAWRAL**: Will the Minister of **FINANCE** be pleased to state:

whether India's economy is slowing down, after a three year sprint;

whether it is a fact that Government data released on 06.02.08 had shown that economy ' might grow at the rate of 8.7 percent during this fiscal year ending in March, 2008 which is nearly one per cent point short of the 9.6 per cent growth seen in the past;

whether Government proposes for tax breaks and other fiscal sops to spur consumption; and

if so, what fiscal measuers are explored by him to reverse the slow down in the. process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The growth in India's Gross Domestic Product (GDP) in the last three years has been 7.5,9.4 and 9.6 per cent per annum. For the fiscal year 2007-08, as per the Advance Estimates of the Central Statistical Organisation, the GDP is expected to grow at 8.7 per cent.

(c) and (d) In its budget proposals for 2008-09, the Government has announced a number of fiscal measures, including adjustments in personal income tax slabs, reduction in excise rates on a range of consumer goods, wavier of farm loans, all of which are likely to spur consumtion in the economy. The extension of the National Rural Employment Guarantee Scheme to all districts of the country will also contibute to increase in consumption demand and, hence, growth of the economy. At the same time, the Government has increased its allocation for infrastructure programmes like National Highway Development Project, Accelerated Irrigation Benefit Programme, Jawaharlal Nehru National Urban Renewal Mission, as well as on education, health, and training and skill upgradation that will help in addressing some of the supply side constraints on sustaining the high growth rate and in improving the level of productivity of the economy. During the Eleventh Five Year Plan period, it is envisaged that inestment in physical infrastructure will increase from around 5 per cent GDP in 2006-07 to 9 per cent of GDP by the end of the plan period.